

MIKOS-102
Amendment dated 04/12/2006

09/783,856

07650002aa
Reply to office action mailed 10/12/2005

Amendments to the Specification:

Please replace the paragraph beginning at page 5, line 26, with the following rewritten paragraph:

In another embodiment the invention provides A method for developing intellectual property (IP) assets, by collecting one or more IP assets in accordance with a characterization; determining a market value for the collection in accordance with a plurality of uses for the assets so characterized; holding the collection in an investment trust (IT), which is sold to investors; and exploiting the collection, using investor contributions to make markets for the various uses of the ~~assets~~ assets, obtaining revenue in these markets, and distributing profits to the investors.

Please replace the paragraph beginning at page 8, line 3, with the following rewritten paragraph:

If valuation is by auction, the opening bid may be determined by a predictive model for the valuation of the intellectual property, such as a neural network, by the current market price of a collection of stocks in companies which could be customers for the IP IT's portfolio, or the current market price of other IP ~~Its~~ ITs, or the current market price of a collection of stocks in companies which utilize similar intellectual property. Or the opening bid could be determined based upon an expert's estimate, or by a formula which

MIKOS-102

09/783,856

07650002aa

Amendment dated 04/12/2006

Reply to office action mailed 10/12/2005

includes: remaining life of the IP, number of IP items, and other standard considerations in valuing IP.

Please replace the paragraph beginning at page 9, line 26, with the following rewritten paragraph:

Groupings allow investors to invest in bundles of special social significance to them, such as electric cars, low pollution cars, etc.

Please replace the paragraph beginning at page 14, line 1, with the following rewritten paragraph:

A variation on the method can be to establish valuation for each IP element. The steps include the following. ~~find~~ Find one or more close or similar IPs which have produced a profitable business or technology, and to which a current value can be assigned. Also find other valuations in the past on that technology, if any. Interpolate between available values to span the corresponding period of time. Extrapolate backwards to the time of filing or establishing the IP, using a selected model, which may be dependent upon the technology, business sector, or other factor. If there are more than one similar IP, similar as to the technology or market addressed, then combine the valuations into a combined curve. ~~Combination~~ The combination can weight different IP differently, based on for example, the history of the inventor or the funding source or assignee. As the number of comparative IP

MIKOS-102
Amendment dated 04/12/2006

09/783,856

07650002aa
Reply to office action mailed 10/12/2005

samples is increased, the resulting "expected valuation" curve will represent the average performance of similar IP elements. The valuation of multiple IP elements is then computed as above.

Please replace the paragraph beginning at page 17, line 4, with the following rewritten paragraph:

Small investors generally cannot participate in IPOs of high tech companies. The IP IT provides a way for small investors to participate at the earliest possible stage of new technology developments, even prior to formation of a company.

Please replace the paragraph beginning at page 22, line 28, with the following rewritten paragraph:

The on-line auction and resale site 430 uses an auction procedure appropriate to the size of the stock offering and the expected interest level of initial stock purchasers 440. A "Dutch auction" may be used, for example. The same site may also handle subsequent sales by stock sellers 460 and purchases by stock repurchasers 450, effectively performing as a market maker in the stock. The IP IT itself may manage the on-line auction and resale site. However, in the preferred primary embodiment, the IP IT contracts with an outside organization to conduct the initial stock sales and transfers, collect and forward the proceeds, and maintain and transmit transaction logs in return for a fee. The

MIKOS-102
Amendment dated 04/12/2006

09/783,856

07650002aa
Reply to office action mailed 10/12/2005

IP IT receives the proceeds from the initial stock sale along with stock purchaser identification information 416 which it processes 417. It sends required financial disclosure information 418. All of the transactions among the IP IT 410, its website 420, the on-line auction and resale site 430 and the stock purchasers and sellers 440, 450, and 460 incorporate procedures, hardware, and software 419 to protect the integrity of the information. Dividends are distributed through procedures 422 and appropriate records are maintained and transmitted to tax authorities and other regulatory agencies.

Please replace the paragraph beginning at page 26, line 29, with the following rewritten paragraph:

REITs are trusts that invests principally in real estate and mortgages. Real Estate Investment Trusts (REITs) provide special tax advantages to their investors. They are taxed only on the income that is not distributed to beneficiaries or shareholders. It is the intent of this inventor to attempt to obtain similar treatment for the Intellectual Property Investment Trusts which are the subject of this invention. The proposed special tax treatment for IP ITs would mimic that of REITs: ~~A~~ a person or entity can buy stock in the IP IT; they get capital gain distribution; they also can sell the stock; if the stock is held at least 6 months and sold at a loss, the part of the loss that is equal to or less than the ~~cap~~ capital gain distribution is reported as long term capital loss; all ~~cap~~ capital gain

MIKOS-102

09/783,856

07650002aa

Amendment dated 04/12/2006

Reply to office action mailed 10/12/2005

distribution is treated as long term ~~cap~~ capital gain,
regardless of how long the stock is owned.